

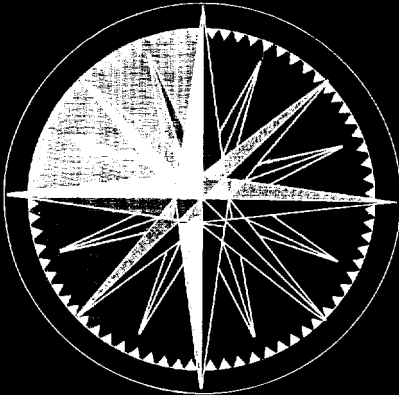
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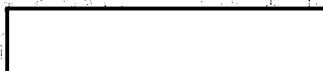


# SPECIAL REPORT

BRITAIN EAST OF SUEZ

CENTRAL INTELLIGENCE AGENCY  
OFFICE OF CURRENT INTELLIGENCE

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**BRITAIN EAST OF SUEZ**

The British Government is critically reviewing its defense commitments to determine which it can continue to afford and what forces and equipment are needed to meet them. Some key advisers are urging that Britain concentrate its efforts "East of Suez"--the area in which the remnants of Britain's global power are concentrated and to which ties of sentiment still are strong. Britain's "presence" in this area requires some 100,000 troops, and their upkeep costs the UK about a billion dollars annually. London is pressing for NATO recognition of this outlay as part of Britain's contribution to the West's over-all defense. It hopes one outcome of the defense review will be a more equitable sharing of the burden among its allies and Commonwealth partners.

Commitments, Costs  
And Returns

During his election campaign, Prime Minister Wilson made much of Labor's anticolonialist tradition and denounced Conservative folly in preserving the expensive trappings of power after its substance had been lost. He promised to reassess these "entanglements" in light of Britain's limited resources and its other national or international interests. Britain's economic difficulties--especially the two-billion-dollar balance of payments deficit in 1964--have made this reassessment all the more urgent.

Wilson accordingly has hoped to reduce commitments wherever possible, or to find NATO or Commonwealth help in fulfilling them. He has found it difficult in practice, how-

ever, to cut Britain's outlay without defaulting on international commitments (to NATO, SEATO, CENTO, and the Commonwealth) or endangering commercial interests. His government has had to accept the necessity of maintaining some foreign bases by force if necessary, unpalatable though that may be to his party's left wing. To complicate matters, nationalist pressures are rising in the areas of British interest, and the problem may be less one of deciding whether to abandon bases, than one of planning for the time when they are no longer available.

The defense review now in progress will give special attention to Britain's role in the area between Suez and Singapore. The British believe the major threats to Western interests now lie outside Europe, and because of historic ties as

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**SECRET****BRITISH MILITARY PERSONNEL  
EAST OF SUEZ**

| BASE                     | ARMY   | NAVY   | AIR FORCE | TOTALS |
|--------------------------|--------|--------|-----------|--------|
| Aden and Bahrain         | 13,500 | 3,000  | 6,700     | 23,200 |
| Persian Gulf             | 3,110  | -      | -         | 3,110  |
| Malaysia (Except Borneo) | 21,950 | 15,000 | 7,900     | 44,850 |
| Borneo                   | 9,900  | -      | 1,400     | 11,300 |
| Hong Kong                | 6,500  | 500    | 400       | 7,400  |
| Gan (Maldivé Is.)        | -      | -      | 500       | 500    |
| TOTALS                   | 54,960 | 18,500 | 16,900    | 90,360 |

well as current assets and obligations, the "East of Suez" arc holds special attractions for Britain. Some labor advisers--most notably Defense Minister Healey and Chief of the Defense Staff Lord Mountbatten--see this as the natural locale for Britain's special contribution to over-all Western defense.

British forces in this area are concentrated at the Middle East Command at Aden and the Far East Command at Singapore. Britain also has commitments to and some military facilities in the Commonwealth states--India, Pakistan, Ceylon, Australia and New Zealand--as well as miscellaneous dependencies in the Pacific and Indian Ocean islands. Troops east of Suez cost the UK approximately a billion directly attributable dollars a year, of which about \$200 million is a drain on the balance of payments. The UK also provides extensive economic and military assistance to countries in the area amounting to well

over \$240 million entailing an additional balance of payments drain of \$150 million. In return, Britain earns nearly a half billion dollars annually from its investments there. An estimated \$300 million of this comes from Middle East oil holdings.

**The Malaysian Nettle**

The only British troops now openly fighting are those helping to defend Malaysia against Indonesia. The British see their presence in Malaysia as a contribution to the Western position in Southeast Asia, and argue that "falling dominoes" could begin with Malaysia as well as with Vietnam. Strategically located at the Malacca Straits, and the world's leading producer of rubber and tin, Malaysia too is important to the UK and the West, in London's opinion.

The Malaysian federation was created by the British partly as a device for combining independence of the constitutional territories with preservation of the British naval base at Singapore. The "forcible" inclusion of British Borneo in the federation was deemed necessary because the prosperous, Western-oriented Malaya would not otherwise have accepted union with a Singapore 85-percent ethnically Chinese and subject to strong Communist influence. This inclusion is Indonesia's pretext for "confrontation" with Malaysia.

London believes that despite Sukarno's frequent overtures toward a peaceful settlement, he

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will be satisfied only with the dismemberment of Malaysia and the discrediting of Western-oriented elements there. Sukarno's long-range ambition is to rid Southeast Asia of Western influence. London accordingly tends to resent any US aid to and trade with Indonesia--which it contrasts with British support given the US in Vietnam, in spite of mounting public and press criticism.

The entire UK Far East Command, headquartered at Singapore, is available for Malaysia's defense. This command includes more than 56,000 British troops and probably absorbs two thirds of Britain's East-of-Suez military budget. British troops theoretically are part of the unified Commonwealth Far East Command (UK, Australia, and New Zealand). The comparatively small Australian and New Zealand contingents, however, contribute more in the way of moral support and a show of Commonwealth solidarity than in any significant military strength.

In practice, the Commonwealth and Malaysian forces have been able to resist Indonesian guerrilla operations. Indonesia has failed to develop any degree of support within Malaysia for the guerrillas successfully infiltrated. Indonesian casualties in the two and one-half years of "confrontation" are estimated to be about six times more than those of the Malaysian and Commonwealth forces.

"Confrontation" probably simplifies London's political problems, both at home and in

Malaysia. Sentimental attachment in Britain to the Asian Commonwealth reduces domestic criticism of the British entanglement, at least while the military threat is so obvious. This attachment is at least as strong among Laborites as among Tories. A Labor government gave India independence, and likes to think the conversion of the Empire to a great multiracial Commonwealth is a special Labor achievement. Labor's objection to Britain's 1963 bid to join the European Economic Community was based in part on an attachment to the Commonwealth idea, and the "third force" role it hoped that body would play in East-West relations.

There is no significant agitation in Malaysia against the British, while the fighting goes on, and the external threat probably helps unify the fledgling federation. Over the long term, however, Britain's position in Malaysia, as well as the very existence of the federation itself, will depend on the preservation of political and communal peace between the Malays and the Chinese. The British fear that the Chinese People's Action Party (PAP), led by Prime Minister Lee Kuan Yew of Singapore, which is beginning to challenge Malay political hegemony on the national level, could be moving to force a showdown that could lead to Singapore's withdrawal from the federation. This would jeopardize Britain's base rights in Singapore, and confront Malaysia with a potential Chinese Communist state on its border.

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The Arabian Stakes

Britain's difficulties in Malaysia are the more immediate, but the problems building up on the Arabian peninsula are more complex and possibly more important.

Since World War II Britain has looked to the Arabian area as its main source of oil for domestic consumption and for sale for foreign exchange. With the erosion of Britain's positions in the Mediterranean, Africa, and Middle East--the loss of Kenya as a military base and the uncertain tenure of military facilities in Malta, Libya, and Cyprus--Arabia also has assumed increased importance in British strategic thinking. The Kuwait operation of 1961 and the East African military mutinies in late 1963 demonstrated to the British the inadequacy of airlift and the importance instead of having acclimatized forces near potential trouble spots.

Aden is Britain's last remaining base of substantial size between Gibraltar and Singapore. The British depend on it to answer any calls for help from African Commonwealth states. Support of the Indian subcontinent also might come from Aden rather than Singapore. There is some question whether UK forces stationed in Malaysia could be used elsewhere without Malaysian consent, therefore Aden may have the only freely deployable British forces between Suez and Singapore.

The British presence in Malaysia may itself depend on

Aden or some satisfactory alternative to it, since Aden is an essential staging point on the route to the Far East. Aden is the largest bunkering port in the world and the third largest port of any kind in the Commonwealth. It has the largest and busiest RAF station in the world and, after Singapore, the largest British base complex outside the UK itself.

The commander in chief Middle East (CINCME), headquartered at Aden, operates through three service commands, each with headquarters at Aden and subsidiary installations in the Persian Gulf states. The naval commander also maintains port facilities in East Africa and Mauritius, a wireless station under leasehold in Ceylon, and facilities for repair work at Karachi, Pakistan. The Middle East Air Force has access to runways in the Seychelles and Cocos Islands, a transport command staging post in Mauritius, and overflight and staging rights in Kenya.

Britain also provides officers, trains, and substantially equips the police and armed forces of the Persian Gulf states, and pays for the South Arabian federation's army. In addition to Aden Colony Britain has, in the Arabian Peninsula, 19 Arabian Protectorates; a defense agreement with independent Kuwait; responsibility for foreign relations and military protection of Bahrain, Qatar, and the seven Trucial states; and a strong political commitment for the military protection of the independent Sultanate of Muscat and Oman.

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Political Problems

Aden Colony, now joined with fourteen of the Arabian Protectorates in the South Arabian Federation (SAF), is slated for independence by 1968. This is in keeping with London's view that the best way to preserve its primary overseas interests in an age of anticolonialism is to create independent states willing to negotiate treaties with the UK. It hopes that in this case --as Malaysia was for Singapore --the South Arabian Federation will become the sort of independent state with which British base rights in Aden can be negotiated. British efforts to get a constitutional conference going, however, have run up against fundamental incompatibilities between the progressive-to-leftist Adenis and the feudal sheikdoms of the hinterland.

London still believes that all important political parties in Aden see the necessity of retaining the base--as a defense against a Nasir-backed Yemeni take-over, and for the substantial income it brings the colony. Their inability to get agreement on an independence formula, however, is being exploited by the Egyptian-backed National Liberation Front, which hopes through terrorism to prevent an orderly transition to independence. There are signs that the local population is beginning to blame the British presence for the terrorism, and repressive measures taken by the British to

deal with it may cause further resentment.

Arab League Opposition

The Arab League recently opened a second front in its campaign to drive the British from Arabia. With an offer of a \$14-million development fund, the League seems to have won the approval of the local rulers for the establishment of offices in at least two of the seven Trucial States even though this violates the treaty giving London responsibility for the States' foreign relations. The British have made a counter offer of \$2,800,000, but the Trucial States' leaders have not been deterred.

Prior to this Arab League encroachment, London had planned to "modernize" its relations with the sheikdoms. None of them is thought suited for independence, and rivalries among them make union impossible for the present. Nevertheless, Britain had hoped, through temporarily larger subsidies, to shift the burden of defense and internal security to local states wherever possible, and by relinquishing certain powers, to make the British presence less obtrusive. London also seemed resolved to press the rulers for a more enlightened social and economic policy to eliminate some of the grievances on which revolution might feed.

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All these plans are in abeyance pending the outcome of the present test of strength with the Arab League. The British feel that, unless they hold firm, their position in the Gulf will rapidly erode. If London pushes too hard in opposing the Arab League offices, however, the Trucial States' rulers might denounce the treaties with Britain and ask for UAR protection.

Pressures at home are also adding to Britain's problems in maintaining its position in Arabia. British liberals object to London's support of the reactionary rulers of the protectorate and the Trucial States. Foreign policy commentators increasingly question the necessity of garrisons in Arabia to protect oil supplies when the world oil market is glutted. These critics point out that British oil companies operate in Kuwait and even Iraq--and US companies in all of Arabia--on a purely commercial basis. British defense planners do not question the value of the Aden base to the West, but wonder whether it should be Britain's responsibility alone.

Other British Commitments  
and Resources

The British maintain at Hong Kong a squadron of mine-sweepers and an army garrison for internal security. There is considerable private British investment in Hong Kong, and the colony is used for jungle training of troops destined for Malaysia.

The British know they are in Hong Kong on Chinese Communist sufferance and are careful to avoid having the colony antagonize Peiping. To this end they try to avoid publicity on US 7th Fleet visits from South Vietnam.

The colony is important to Peiping as a source of foreign exchange; consequently, the British probably can remain there indefinitely, if they continue their present guard against provocative action.

The British have strong sentimental ties to and a sense of responsibility for India, which they regard as the supreme test of Britain's effort to discharge successfully the "white man's burden." It is still Britain's best hope for influence in the Afro-Asian world. London, however, must carefully balance its military assistance between India and Pakistan, and has considered withdrawing aid from India if its border disputes with Pakistan are not resolved. The balancing task is complicated by the risk that India might turn to the Soviets, or Pakistan to the Chinese if Britain is not generous enough. London's immediate concern is that a proposed Soviet naval aid package may lead to Soviet penetration of the Indian Navy. Even more worrisome to the British is the possibility that, should India feel it necessary to develop a nuclear capability against the Chinese threat, Pakistan might seek a Chinese nuclear guarantee against India.

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Britain is increasing its aid to Ceylon, now that the Dudley Senanayake government has replaced the "neutralist" and inefficient one of Mrs. Bandaranaike. British banks in Ceylon have lent the new government \$11,200,000 to help it meet its inherited foreign exchange difficulties. London also is taking an active part in organizing an international consortium to aid Ceylon.

Under an agreement with the Maldivian Government, London has an airfield and communications facilities on Gan Island and other anchorage facilities in the Addu Atoll.

Britain also has use of the Woomera rocket range in Australia, and the RAF has access to Australian air bases.

Alternatives

Britain's efforts to keep its present "East of Suez" holdings are at best a delaying action while other arrangements are sought. London hopes to develop with the US alternative military facilities on various, sparsely populated Indian Ocean islands. These island bases--and hopefully Australian bases--would support seaborne "fire-fighting" forces for the entire Suez to Singapore area. As an anticipated part of these forces, the amphibious squadron based at Aden is being enlarged to a joint service task force which will include an assault group, a carrier task group, and a replenishment group.

London hopes these forces will provide a nuclear guarantee to the Asian commonwealth and discourage India and Pakistan from developing bases of their own or seeking other alliances.

Lord Head, British high commissioner in Malaysia, has expressed the hope that the projected bases can be operated jointly by the US, UK, Australia, and New Zealand. Although he thinks such joint forces could not be expected to cope with subversion on the mainland, they would be "another source of power in the area besides China."

As rumors of the US-UK Indian Ocean plans have been leaked by the press, outcries against "imperialist nuclear bases" have begun in neighboring nations. The British expect India and Ceylon, at least, to take a hostile stand in public while privately welcoming the support these bases would offer. The internal situation in Mauritius is not reassuring. As part of its campaign for independence, the left-wing Hindu-dominated Mauritius Labor Party is agitating against "nuclear bases" on Mauritian soil. To complicate matters, there are racial frictions in Mauritius between the Hindus and the Creole, French, and Chinese populations--numerically smaller but economically and socially dominant--who want the British to stay on as protection against Hindu domination. There is as yet no significant Communist sympathy in Mauritius, but the situation is susceptible to Communist intrigue,

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Britain is exploring the possibility of Saudi Arabia's becoming the core of a stable system in the Persian Gulf. London's efforts to lay the groundwork for Saudi influence after Britain's departure include seeking a settlement between the Saudis and Abu Dhabi over the Durami Oasis dispute, and encouraging Saudi assistance to the Trucial States Development Fund. Britain also supports Saudi aid to the Yemeni royalists.

Ironically, Britain's new-found friendship with the Saudis may stand in the way of UK-Yemeni Republican (YAR) rapprochement. The British acknowledge that the new YAR President Numan is making a courageous stand against Egyptian control, but do not feel they can establish relations with him while the Saudis oppose him.

Immediate Needs

These are long-term plans, however, and London feels an im-

mediate need for relief from some of its commitments. It is urging its NATO partners to consider its overseas role a part of Britain's contribution to the total Western effort. The Western European Union recently agreed to study the global defense commitments of each of its members, and the British hope this may lead to some sharing of those commitments. London also is pressing for increased Australian and New Zealand contributions to the Malaysian effort. At the very least, London will be most reluctant to take on any new burdens--such as detachment proceedings for the Indian Ocean islands--until its defense review is completed and a strong pitch is made for a more equitable sharing of the load by Britain's allies. [REDACTED]

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